

# **MANAGERS AND EMPLOYEES PERCEIVED LEADERSHIP BEHAVIOR: EXPATRIATE AND LOCAL BOSSES**

**By**

**DAVENDRAN A/L TANGAYA**

**Research report submitted in partial fulfillment of the requirements for the  
degree of  
Master of Business Administration**

**2010**

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## **ACKNOWLEDGEMENT**

I would like to express my greatest gratitude, firstly to Dr. Daisy Kee Mui Hung, School of Management, University Sains Malaysia for her willingness to become the supervisor of the this study and for her guidance right from the start of the study till the completion of this write-up. Without her guidance and suggestion, this whole study and the write-up wouldn't have materialized.

Secondly, I would like to thank all the respondents for this study questionnaire who had provided valuable data for this study. Many thanks for their timely, honest and accurate information / data provided.

Also I would like to thank my parents, MBA course mates, my bosses and working colleagues and friends for their kind understanding and endless support for me to endure through the whole research study period till to the completion of this write-up.

Last but not least, my humble thanks to all those individuals who may had extend their help directly or indirectly in the completion of my research study and the write-up. Thank you.

## **ABSTRACT**

The purpose of this research is to investigate the manager and employees perceived leadership behavior of their expatriate and local bosses in terms of 12 subscales of leadership behavior. This study was conducted by distributing questionnaires to 300 respondents in orders to gather evidence to test the above research question. For this purpose, the ‘Leader Behavior Description Questionnaire LBDQ (1962, LBDQ XII Ideal Leader)’ was administered to the respondents. Based on the test conducted, results shows that managers and employees perceived significantly different towards local and expatriate leadership behavior ( $t=1.36$ ,  $p<0.01$ ). Managers and employees perceived leadership behavior is higher towards local bosses (mean=4.00) compared to expatriate leaders (mean=3.72). It is believed that his study will serve as an eye opener to many MNC operating in Malaysia to recheck and reevaluate their previous idea of bring in expatriate bosses to manage their facility or organization here in Malaysia. Finally implication of the results and suggestions for future research are discussed at the end of research.

## ABSTRAK

Tujuan kajian ini adalah untuk mengetahui persepsi pengurus dan pekerja perilaku kepemimpinan pemimpin mereka, asing dan tempatan mengikut 12 sub-skala perilaku kepemimpinan. Kajian ini dilakukan dengan menyebarkan borang kaji selidik kepada 300 responden yang diminta untuk mengumpul bukti untuk menguji soalan kajian di atas. Untuk tujuan ini, "Leader Behavior Description Questionnaire" LBDQ (1962, LBDQ XII Ideal Pemimpin) telah diedarkan kepada responden. Berdasarkan kajian yang dilakukan, keputusan menunjukkan bahawa pengurus dan pekerja secara signifikan mempunyai tanggapan perilaku kepemimpinan yang berbeza terhadap pemimpin tempatan dan asing ( $t = 1,36$ ,  $p < 0,01$ ). Pengurus dan pekerja mempunyai tanggapan yang lebih tinggi terhadap perilaku kepemimpinan pemimpin tempatan (purata = 4,00) dibandingkan dengan pemimpin asing (purata = 3,72). Dipercayai bahawa kajian ini akan menjadi sebuah pembuka mata untuk operasi MNC yang sememangnya banyak di Malaysia untuk menyemak semula dan menilai kembali idea terdahulu mereka untuk mendatangkan pemimpin asing untuk menguruskan organisasi mereka di Malaysia. Di akhir kajian, implikasi dari keputusan dan cadangan untuk kajian masa depan di cadangkan.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 INTRODUCTION**

This research investigates the managers and employee's perceived leadership behaviour of their expatriate and local bosses in terms of 12 subscale of leadership behaviour. This section discusses the background of this research which leads to the derivation of the research objectives. Based on the objective formed, research questions are developed and the remaining of this chapter discuss on the significance of this study.

#### **1.1 BACKGROUND OF THE STUDY**

As global competition continues to intensify, it becomes increasingly important for multinational corporations (MNCs) to maintain control over their international operations (Barlett & Ghoshal, 1988, 1989; Geringer & Hebert, 1989; Martinez & Jarillo, 1989; Sohn, 1994; Vernon, Wells & Rangan, 1996). The increasing internationalization of business has created a demand for managers who are skilled at working in an international environment. The development of these "globally competent" managers will be crucial to the success of multinational corporations (Maruyama, 1992). But, most problems and misunderstandings occur when members of one culture assume that their own unconscious values and beliefs are equally appropriate in other cultures (Suutari, 1996). Similarly, it has been argued that it is inappropriate to take management methods from the culture in which they were developed, and apply them to other cultures (see, e.g., Bass and Burger, 1979; McFarlin, 1992; Phatak, 1983).



However, Mason and Spich, (1987) have found that a manager's culture strongly influences his/her attitude and behaviour. Developing an effective relationship between managers and employees is difficult, especially when they have diverse cultures. An action that appears very reasonable to the manager can appear biased, illogical, and unfair when viewed from the perspective of an employee from another culture (Adler,2002). Cross-culture researchers have recently argued for the need to develop frameworks that can help diverse people overcome obstacles and work together effectively (Bond,2003; Smith, 2003).

Deshpandé and Webster (1989) defined organizational culture as a "pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with the norms for behaviour in the organization". Following these and other authors (e.g., Chatman and Jehn, 1994), organizational culture is conceptualized and quantified in this study in terms of widely shared and strongly held values. The elements of organizational culture range from fundamental assumptions through values and behavioural norms to actual patterns of behaviour (Rousseau, 1990). Values typically act as the defining elements of a culture, and norms, symbols, rituals, and other cultural activities revolve around them (Enz, 1988). When the members of a social unit share values, an organizational culture or value system can be said to exist (Weiner 1988).

Characterizing an organization's culture in terms of its central values requires identifying the range of relevant values and then assessing how strongly held and widely

shared they are (e.g., Saffold, 1988). In a sample of United States (U.S.) firms, O'Reilly, Chatman, and Caldwell (1991) identified the following seven dimensions of organizational culture and formed the Organizational Culture Profile (OCP): innovation, stability, and respect for people, outcome orientation, detail orientation, team orientation, and aggressiveness. The same seven dimensions have been found to characterize firms across various industries (Chatman & Jehn, 1994) and also among a sample of international firms (Hofstede et al., 1990). The OCP dimensions also resemble the types of cultural knowledge that Sackmann (1992) found to exist across a single organization. Further, the OCP value dimensions resemble the values in Cameron and Freeman's (1991) model of organizational culture types. Since the existence of seven dimensions within and across industries has been confirmed in several situations, this study views organizational culture as characterized by the seven dimensions identified in OCP.

Although several studies have focused on identifying the value dimensions that characterize an organization's culture, only a few have investigated the extent to which an organization's values affect actual outcomes. Perhaps the key article addressing the linkage between organizational culture and performance was published by Deshpandé and colleagues (1993). Concentrating on only Japanese firms, they found that higher levels of business performance were most closely associated with a market culture (that is, one that emphasizes the values of competitive aggressiveness and outcome orientation) and an adhocracy culture (one that emphasizes the values of flexibility and innovation). Other studies (e.g., Marcoulides and Heck, 1993) have simply concluded

that the values that characterize an organization's culture significantly affect performance without specifying which values are most closely associated with business outcomes.

The fact that the West and East--and more specifically, the United States and Japan--have vastly different cultural values is well-acknowledged. The U.S. is characterized by such values as assertiveness, decisiveness, innovativeness, and risk-taking which stem from its frontier-conquering history (Hall and Hall, 1990). The U.S. culture is also characterized by individualism--the belief in the power and autonomy of the individual (e.g., Goodman, 1981; Yeh, 1995) and emphasis on results and lack of flexibility. For instance, Easterners, particularly the Japanese, complain that Americans are too legalistic and less willing to be flexible (Thornton, 1993).

The cultural value system in Japan, on the other hand, has been heavily influenced by Shinto, Buddhism, and Confucianism. As a result, the Japanese tend to emphasize the virtues of hard work and attention to detail (Rhody & Tang, 1995). Indeed, a detail orientation is a major factor that has attributed to the successes of prominent Japanese firms (Lazer, Murata, Kosaka, 1985; Song and Parry, 1997). Further, Japan has a consensus-bonded, group-oriented culture that emphasizes conflict avoidance, respect and concern for people, and the importance of close, long-lasting relationships with others (Sandelands, 1994). The culture focuses individual and corporate success criteria on harmony, uniformity, and subordination to the group (Hall and Hall, 1990). Thus, it is particularly important for Japanese employees to feel that they "fit in;" indeed, employees

tend to identify with their firms, resulting in a relatively high level of company loyalty (Holden and Gross, 1992).

It is known that cultures provide consumers with an understanding of acceptable behaviour within their respective societies. Further, culture influences work practices and has a profound impact on the way consumers perceive the organizations from which they purchase (Harris and Moran, 1987). Past research shows that national culture is not something apart from business, but determines its very essence (Maher, 1994; Rhody and Tang, 1995). Indeed, a study which surveyed over a thousand managers from U.S. and Japanese firms showed that corporate values reflect those of the national culture (Yeh, 1995). These cultural differences lead to specific behaviours within organizations, which are different for Japan and U.S. firms. For instance, as compared to Japan, the U.S. culture, which is high on individualism, predisposed the U.S. companies to use more communication and coordination and resort to short-term performance evaluations (Ueno, 1992). And in Japan, a people orientation and an emphasis on harmony and tolerance have led to humanistic management practices, worker loyalty, a non-competitive workforce, lifetime employment, and slow evaluation and promotion (Burton 1989).

The pervasive effects of national culture have important implications. For instance, the values that characterize organizations are likely to parallel those of the national culture in which the organization operates (Rhody and Tang 1995). Hence, Japanese firms, as compared to U.S. firms, are more likely to have cultures characterized by flexibility and people and detail orientations. Possibly, these cultural factors are the

driving force behind the success of Japanese firms. That is, Japanese firms may rely heavily on the virtues of flexibility, people orientation, detail orientation, and team orientation to achieve greater business performance and customer satisfaction. And relative to Japanese firms, U.S. firms are more likely to have cultures characterized by innovation, outcome orientation, and aggressiveness. Further, these cultural values that characterize the U.S. firms are likely to impact their business performance, because their business strategies and the resulting successes are attributable to their cultural values. Just as Japanese firms utilize the cultural values that characterize them to achieve greater performance, U.S. firms will exercise the characteristics of innovation, outcome orientation, and aggressiveness as their competitive weapons to achieve greater business performance and customer satisfaction. Thus, it is expected that the relationships between specific organizational values and outcomes (both customer satisfaction and business performance) should vary across national cultures. Hofstede (1994) alluded to this when he pointed out that the academic community has been relatively slow in accepting that not only management practices but also the validity of organizational culture theories may stop at national boundaries.

## **1.2 PROBLEM STATEMENT**

Globalization has swept across the globe. Due to the challenges brought forth by globalization, multinational organizations are being forced to carry out major adjustments to compete and survive (Kotter 1996). At present, international market competition has escalated because of harsh market forces that have literally forced businesses to respond

quickly and vigorously to cost reductions, at the same time, retaining and improving their ability to market, sell, deliver, and support their products and services (Kling 2006). To compete in today's competitive global climate, businesses face the challenge of recruiting and selecting countless managers for expatriate assignments (Selmer 1995). Consequently, businesses are becoming aware that to succeed in today's competitive international market environment, they have to mobilize and utilize their personnel to formulate and implement global business strategies.

But it is sad to note that "expatriate adjustment" in international environments is not studied extensively at this moment. Not much has been learned about the cause of foreign leader/bosses failure or success abroad. Despite this fact, "enterprises continue to be haunted by failed assignments and projects which have gone bad" (Douglas & Stage 2005). Tung (1988) reports that 30 percent of Americans on overseas assignments are either dismissed or recalled because of their inability to effectively adjust to the foreign cultural environment. Velsor and Leslie's (1995) findings indicate that European managers are likely to fail because of difficulties adjusting to the host nation's culture. The exact reasons why some expatriate managers succeed and fail are not so clear.

In the case of Malaysia, despite numerous references to a relationship between leadership behavior and cultures cited in many parts of organization theory and research, little systematic research has been conducted to investigate the link between the nature of relationship of these two concepts and its affect on local managers and employee who are employed by the many foreign MNC companies in Malaysia. Previous research on

corporate culture in Malaysia (Kamal, 1988; Asma, 1992; Jaina, Md.Zabid, Anantharaman, 1997) focused more on different ethnic backgrounds (Malays, Chinese, and Indians) and used Hofstede's model of organizational culture (Hofstede, 1980). Sulaiman, Arumugam, Wafa (1999) has taken up research to determine whether or not local managers prefer the leadership behavior of local bosses to that of their expatriate bosses but no attempt has been made to examine the variables in between the local managers and employee perceived leadership behavior in an integrated way. Therefore the fundamental issue guiding this study is to look more specifically the possible disparity between local managers and employee preference in the leadership behavior of their local bosses to that of their expatriate bosses

### **1.3 RESEARCH OBJECTIVES**

- The primary objective of the study is to expose possible disparity between local managers and employee preference in the leadership behavior of their local bosses to that of their expatriate bosses.
- The second objective is to find out if local bosses are preferred by local manager and employee.

### **1.4 RESEARCH QUESTIONS**

- Is there a significant difference in Perceived Leadership Behavior between local and expatriate bosses?

- Is there a significant difference in perceived Leadership Behavior between bosses of different countries of origin?

## **1.5 SIGNIFICANCE OF THE STUDY**

This study will be helpful in determining the perceived leadership behavior of manager and non-managerial employee's working in foreign MNC companies of their local bosses and expatriate bosses. The disparity in preference in between local manager and employees in terms of the perceived leadership behavior of their local bosses or their expatriate bosses also will be evident thru this research. At an overall level, this study will be significant in determining which leadership behavior suitable to be applied in Malaysian context.

## **1.6 DEFINITION OF VARIABLES / KEY TERMS**

1. Leadership Behavior = refers to the leader's ability and readiness to inspire, guide or manage his subordinates.
2. Boss / Bosses = refers to the person who holds a dominant or superior position within an organization and having authority to direct or guide and inspires others
3. Manager = refers to the person who is in charge of a certain group of tasks, or a certain subset of an organization.
4. Employees = refers to any individual with good education and who performs administrative tasks in an organization.



5. Expatriate = refers to an employee sent from another country to live and manage/work in any organization here in Malaysia
6. Local = refers to Malaysian national of all race and ethnicity
7. Initiation Structure = refers to leadership behavior associated with organizing and defining the work itself, the work relationship and the goals.
8. Consideration = refers to leader that shows mutual trust, warmth, friendship and concern for his subordinates.
9. Representation = measures to what degree the manager speaks as the representative of the group.
10. Reconciliation = reflects how well the manager reconciles conflicting demands and reduces disorder to system.
11. Tolerance Uncertainty = depicts to what extent the manager is able to tolerate uncertainty and postponement without anxiety or getting upset.
12. Persuasion = measures to what extent the manager uses persuasion and argument effectively.
13. Initiation of Structure = measures to what degree the manager clearly defines own role, and lets followers know what is expected.
14. Tolerance of Freedom = reflects to what extent the manager allows followers scope for initiative, decision and action.

- 15. Role Assumption = measures to what degree the manager exercises actively the leadership role rather than surrendering leadership to others
- 16. Consideration = depicts to what extent the manager regards the comfort, well-being, status, and contributions of followers.
- 17. Production Emphasis = measures to what degree the manager applies pressure for productive output.
- 18. Predictive Accuracy = measures to what extent the manager exhibits foresight and ability to predict outcomes accurately
- 19. Integration = reflects to what degree the manager maintains a closely-knit organization; resolves inter-member conflicts
- 20. Superior Orientation = measures to what extent the manager maintains cordial relations with superiors; has influence with them; is striving for higher status.

## **1.7 ORGANIZATION OF CHAPTERS**

This study consists of five chapters:

Chapter one presents the general introduction of the study includes an introduction, background of the study, statement of the problem, research objectives, significance of the study and definition of variables / key terms.

Chapter two provides a review of the literature pertaining to the study and related research.

Chapter three delineates the methodology used in this study, which includes population and sample, instrumentation, data collection procedures and data analysis procedure.

Chapter four deals with data analysis, presentation of the results and their interpretation.

Chapter five consists of a discussion of major findings, limitations and implications and recommendation of the study and suggestion for further research.

The study concludes with reference and appendixes.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

This literature review would contribute towards better understanding of the independent variables and the dependent variables which is closely related to the development of the study on desired leadership behavior by managerial and non managerial employees. The literature review would oversee the factors involved to create enlargement towards the study.

#### **2.1 REVIEW OF THE LITERATURE**

##### **2.1.1 LEADERSHIP**

Managerial leadership is crucial for successfully implementing change in organizations, especially during times of turbulence and dramatic and sudden change in the external environment. Unless leaders create market-oriented organizational cultures, any required transformation and adaptation to a market economy may be seriously undermined. Change in the organizational culture is the critical condition in successful adjustment to a change in the external environment, requiring the managerial leader to meet the expectation of the members of the organization. Hence, organizational leaders need to know and understand the desired leader behaviors expected of them by their subordinates, peers, and superiors.

Leadership is described as being one of social science's most examined phenomena (Antonakis, Cianciolo, & Sternberg, 2004). Yet, little is known of the leadership characteristics of those who work in the field of adult education. Shoemaker (1998) suggested that leadership is difficult to characterize as the field is punctured by inconclusive definitions as to the role and function of leadership.

A review of the literature (Pearce, Sims, Cox, Ball, Schnell, Smith, and Trevino, 2003; Yukl, 2006) on leadership divulged that there are innumerable leadership models that have been developed to define leadership behavior. Leaders have been explained in terms of character, mannerism, influence and persuasion, relationship patterns, role relationships and as administrative figures. Deciding on one best model is definitely an impossible task as these models have been proven empirically in various contexts.

Selmer (2004) explored host-country national subordinates' preferences in leadership behavior comparing expatriate bosses and local bosses. His subjects were sample of 240 middle managers in Hong Kong with experience with both local Chinese bosses and expatriate bosses from a broad spectrum of Western and Asian countries. The finding shows that the subordinate managers assessed the leadership behavior of their expatriate bosses to be significantly closer to that of their perceived ideal boss. American leadership behavior was the most preferred and Japanese leader style was the least preferred, with British leadership style comprising a middle group. Implications of these findings for international business firms were also discussed.

Another study was done by Rani, Pa'wan, Musa & Tajudin (2008) to identify whether the charismatic leaders are well preferred by the Malaysian employees. Surprisingly, most Malaysian employees preferred to have charismatic manager to lead the organization. About 200 questionnaires were distributed all over Malaysia, about 107 responded to the survey giving a response rate of 53.5%. Most of them agreed that the managers should be able to make them feel special, feel established in the organization, feel empowered, and the leader should be extraordinary and tangible in the workplace.

Jayasingam and Cheng (2009) conducted a study on Leadership Style and Perception of Effectiveness on Malaysian Managers. This research explored the current state of leadership style among Malaysian managers and its effect on the perception of effectiveness. A survey method was employed and the data was drawn from subordinates who were working in private and public sectors in the Klang Valley area. The results imply that a shift has taken place primarily with regards to autocratic leadership. Respondents attributed leadership effectiveness to the use of participative and nurturing-task leader behavior. Gender differences were not significantly evident.

Jaharuddin (2006) in an unpublished dissertation investigates the relationships between corporate cultures and leadership styles toward organizational performance of local and foreign organizations in Malaysia. Based on the Competing Values Framework by Quinn and Rohrbaugh (1983) and the leadership styles framework by Javidan and Dastmalchian (2001), they developed structured questionnaire and self administered 134 participating companies both foreign and local companies. They argued that both local

and foreign companies practiced different sets of culture at the workplace. Majority of the local companies tend to adopt a hierarchical culture whereas foreign companies most favor result-oriented culture. As for the leadership style, no difference was found in both types of companies since results show the similarity of styles used by the leaders in both type of organizations. Their findings also showed some pattern on the relationship between types of corporate culture adopted by companies with the preferred leadership styles used by the leaders. For the foreign companies, the result shows a significant dependence between corporate culture and leadership styles, but no association exists on local companies. Finally, their findings indicated that there is no association between corporate cultures and company's performance, and no association between leadership styles and company's performance in both types of organizations.

A research conducted by Saufi, Wafa & Hamzah (2002) stated that the differences in motivation and leadership do exist across cultures and nationalities as revealed in the literature on culture and culture's influence on behavior. This research attempts to investigate the relationship between culture and subordinates' preference on the leadership style of their superiors. A sample of 142 Malaysian managers participated in the study. The questionnaire used for the study was adopted from Hersey and Blanchard (1993), which measured leadership according to four styles: selling, telling, participating, and delegating, and Hofstede (1980), which measured cultural dimensions. The results indicate that the Malaysians preferred their managers to lead using the participating and delegating styles, while selling and telling were less preferred. The evidence also revealed that there is a significant relationship between culture and

preference for leadership styles. In particular, a significant relationship was found between power distance and telling style. A cross-tab chi-square analysis revealed that Malay and Indian managers preferred to be led by the participating style, but the Chinese managers preferred the delegating style instead.

The preference of Malaysian managers on the style of leadership practiced by their superiors seems to conform quite closely to the Western culture where the delegation and participation styles are highly valued.

### **2.1.2 LEADERSHIP DEVELOPMENT**

When one individual attempts to affect the behavior of others in a group without using the coercive form of power, the effort is described as leadership (Gibson, Ivancevich & Donnelly, 1991). Leaders are agents of change, persons whose acts affect other people more than other people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group (Bass, 1982).

The literature of leadership has progressed along several paths, with most of the earlier definitions and writings focused on the use of power and authority. Later research shifts attention to the traits of leaders and their behavioral styles, for example autocratic, participative. Another path emphasized the situation and how the leaders, followers, and situation interact and work.



Other parameters that have been considered in the development of leadership theories include the organization's governance structure, such as bureaucratic, collegial, or political; leadership styles, such as democratic, laissez-faire, or political; functions of leadership, describing what leaders do; organizational task analysis, such as management by objectives (Drucker, 1954); types of people, such as Theory X and Theory Y leadership (McGregor, 1960); and relationships between tasks and people (Fleishman, 1953; Likert, 1961).

A leader is characterized by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem-solving, drive to exercise initiative in social structures, self-confidence and sense of personal identity, willingness to accept consequences of decisions and actions, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other persons' behavior and capacity to structure social interaction systems to the purpose at hand (Stodgill, 1974).

For the past several decades leadership is typically defined by the traits, qualities and behaviors of a leader. The study on leadership has spanned across cultures, decades and theoretical beliefs. Bryman (1996) puts a chronological perspective on leadership theory development as below:

- The trait approach (up to the late 1930s), i.e. Leaders are born rather than made, nature is more important than nurture.

- The style approach (late 1940s to the late 1960s), i.e. It is the behavior of leaders that is important.
- The contingency approach (late 1960s to early 1980s), i.e. It is the situational factors that are important.
- The new leadership approach (early 1980s onwards), i.e. The hybrid theories.

McPherson, Crowson and Pitner (1986) state that leadership has been defined on many aspects of behavior and individual traits, power, interactive patterns, role and perception of others regards legitimacy of influence. There are differences among individuals in leadership effectiveness, and researchers strive to identify, quantify and predict such differences. The attributes that conceptualize leadership vary in the leadership literature depending on the researcher's perspective. Some general attributes have been identified and agreed upon to some extent, for example, Bennis (1989) describes leaders as people who know what they want and why they want it, and have the skills to communicate that to others in a way that gains their support.

Studies of leadership have elaborated on significant issues, mostly on the effective definition of leadership. First, leadership has different meanings to different people, regardless of culture or geography. Second, given the lack of agreement on representations of leadership (roles models and definitions), contemplating a definition of from a multiple perspective increases and perhaps confuses the range of acceptable models of leadership because a wider array of values, beliefs and frameworks must be considered. Finally, whether a working definition (or definitions) of leadership has

agreed to the functions outputs of leadership or not has yet to be proven in a scientific sense.

According to Littrell (2002), after World War 11, in the United State of America, there was a period of almost 30 years during which leaders were studied either by observing their behaviour in laboratory settings or by asking individuals in field settings to describe the behavior of individuals in positions of authority, and relating these descriptions to various criteria of leader effectiveness. Three influential groups of investigators pursued the quest for explanations of leader effectiveness in this manner. They were Robert Bales and his associates at Harvard (Bales, 1954), members of the Ohio State Leadership Center (Stogdill, 1974), and members of the Institute for Social Research at the University of Michigan (Kahn and Katz, 1953; Likert, 1961; Mann, 1965).

People in organizations develop in their minds an implicit theory of leadership describing how an effective leader should act, and a leader prototype or mental image of what characteristics an effective leader should have. Organizational members were asked to select a person for a particular leadership position or asked to evaluate the performance of a leader in a given task situation can be expected to compare a leader or leader candidate to these mental images of leaders. This is an important process because often it is not actual leadership ability or effectiveness that forms the basis for the judgment, but the degree of match, or fit, with the image of what a leader looks like and what a leader does.

Enayati (2003) states that leaders are usually people of vision, effective communicators, effective decision makers, and intelligent, they respond to and value individuals and their dignity, they are committed to service and to obedience to the unenforceable, they have total honesty and integrity, they are kind, and they often see themselves as teachers. Leaders achieve their status as a result of how their leadership acts are perceived by others, and these leadership acts contribute to the social order. According to Mirza (2003), most other studies claim that leadership works one way- the leader influence the members. Of late, there is growing evidence to suggest that leaders' behavior to a certain extent is influenced by subordinates' perspective and perceptions.

Avery (2001) states that subordinates' perceptions are used for the flexibility analysis because their perceptions are arguably a more appropriate, even more accurate, reflection of respondents' styles than ratings made by "self", boss or colleagues. Subordinates are directly affected by managerial behavior, and can be expected to have more first-hand and frequent experience with their manager or supervisor than "other" raters.

According to Schyns and Sanders (2003), subordinates evaluate their leaders on different occasions. Frequently their evaluation is used as the basis for further development of the leader. On the contrary, several authors such as Atwater and Yammarino (1992) Brett and Atwater (2001), Yammarino and Atwater (1997) show that the agreement between self and other ratings in this process is rather low. Leadership has

been studied for decades by many researchers. There are a few studies done to analyze effective leaders' behavior based on their subordinates' perspective.

### **2.1.3 LEADERSHIP EFFECTIVENESS**

Leadership effectiveness is a topic that continues to engender considerable attention in both the popular and scholarly literature. Frischer (1993) in his study states that leaders with leadership capacity are those who like power and exercise it so that everybody works in the interest of a common objective. These leaders must be strong and influential and must not try to please or be popular at any price. Jassawalla and Sashittal (2000) assert that project leaders who tend to avoid conflicts and problems, saying yes to everything and everybody so as not to upset the others, will end up losing the respect and confidence of his workers. Moreover, these leaders must exercise their power through a participatory, open and a politically leadership style, which consists of delegating responsibility and freedom to the team members for taking decisions, and in sharing information and knowledge with them and other groups in the organization. Likewise, they must be capable of guaranteeing the personal commitment of the team participants, of building information-intensive environments, of strongly centering on human interaction and of promoting learning within the team.

Yousef (1998) mentions that effectiveness in leading is directly related to the leader's way of thinking about himself, subordinates, organization and environment.

George (2000) states that the ability to understand and manage moods and emotions in the self and others, contributes to effective leadership in organizations.

Densten and Gray (2003) state that leaders who perform multiple leadership roles score higher on leadership effectiveness than leaders who utilize only a limited range of roles. Leadership on the other hand requires a different mind-set and a different set of actions to create a sense of direction and to communicate the vision. These involve dealing with people rather than things. People are unpredictable and bloody minded and to be successful the leader has to be able to give emotionally, to energize, inspire and motivate others. George and Bettenhausen (1990) and George (1995) investigated some of the potential beneficial consequences of leader positive mood, it is likely that a diversity of feelings (both emotions and moods) influences leadership effectiveness.

According to George (2000), previous researcher, Conger and Kanungo ( 1998), Locke (1991), Yukl ( 1998), conclude that effective leadership includes the following essential elements:

- Development of a collective sense of goals and objectives and how to go about achieving them.
- Instilling in others knowledge and appreciation of the importance of work activities and behaviors.
- Generating and maintaining excitement, enthusiasm, confidence, and optimism in an organization as well as cooperation and trust.

- Encouraging flexibility in decision making and change.
- Establishing and maintaining a meaningful identity for an organization.

Mirza (2003) states that the interest in leadership style and its consequences increase the studies on the behavior of leaders as well as situational determinants of leader behavior. Effectiveness of leadership behavior may perhaps be an interactionist position influenced by members' expectations. Studies on leadership effectiveness by member's perceptions are very scanty. Perhaps the first such attempt was made by Brown (1964). He had carried a study asked respondents to identify characteristics of their "Poorest Boss", examples of their most "bizarre" behavior and their effect on the performance of the members. His result indicated that members identified 30 characteristics of poor bosses which can be grouped in five main categories; leadership performance, decision making skills, communication skills, relationship with others and personal characteristics.

Where as Mirza (2003) found that the more important factors for effective leader behavior are: decision making, communication skills, leadership performance and personal characteristics.

#### **2.1.4 NATIONAL CULTURE**

Employees' expectations, behaviour and performance may be different with various national cultures (Redding, 1990). The influence of national culture on individual